

August 30, 2004

QUOTE OF THE WEEK

"Here is the Golden Rule of sound citizenship, the first and greatest lesson in the study of politics: You get the same order of criminality from any State to which you give power to exercise it; and whatever power you give the State to do things FOR you carries with it the equivalent power to do things TO you."

-- Albert Jay Nock (1870-1945) Source: *The Criminality of the State, America Mercury Magazine*, March, 1939

UNDER THE DOME

Boards to Go

One of the more fascinating aspects of the Governor's California Performance Review report is the list of state boards and commissions. The staff who wrote the report note that they are not confident they identified all the boards and commissions in state government because there is not a comprehensive list and when they went looking, they found more and more. Ultimately, they found 339 such bodies and they are recommending the elimination of 117 of them. All of their duties will be assigned to a state agency in the new, reorganized, streamlined government. To give you some scope of the enormity of the review process, as well as the implied enormity of the scope of a state government out of control and desperately in need of fixing, I will be listing all 117 bodies to be eliminated in the Leonard Letter over the next few weeks.

As you look at the list, consider the testimony that is being given to the 21 commissioners assigned by the Governor to listen to public comment on the CPR recommendations. What they hear runs something like this: "We acknowledge that state government is an inefficient mess and needs to be fixed. We support that concept. However, [insert name of particular board, commission or entity here] is not part of the problem. Indeed, our [repeat name here] is actually very important and even self-sustaining. We provide an important regulatory function without which disaster would strike. [Insert example of imminent death or destruction.]" Here then is the first part of the list of such vital boards to Californians' well-being:

Architects Board and Landscape Architects Technical Committee; Banking Advisory Council; Board of Barbering and Cosmetology; Board of Registration for Professional Engineers and Land Surveyors; Bureau of Hearing Aid Dispensers Advisory Committee;

California Horse Racing Board; Contractors State Licensing Board; Court Reporters Board; Credit Union Advisory Committee; Electronic Commerce Advisory Council; Inspection and Maintenance Review Committee (in Bureau of Automotive Repair); New Motor Vehicle Board; Board of Pilot Commissioners of the Bays of San Francisco, San Pablo and Suisun; Private Security Disciplinary Review Committee (North/South) and Alarm Company Disciplinary Review Committee; Real Estate Advisory Commission; Service Agency Advisory Committee; Speech-Language Pathology and Audiology Board.

TAXING TIMES

*****Most Are Better Off Now *****

One popular canard tossed out by economists of a certain political stripe is that middle America has fared very poorly over the last four years. In support of this idea, The New York Times reported that the recession years of 2001 and 2002 were the only two-year period in which American incomes declined. The Times cited IRS data as the source that Americans' income dropped an average of 5.7 percent in 2001 and 2002.

Well, Donald Luskin, an economist who contributes to National Review Online, took apart the numbers cited in the article and found something quite interesting. The decline cited by the Times was caused almost exclusively by a decline in earnings by those making over \$100,000 a year. The overwhelming majority of American households actually saw their incomes rise during this period.

Here are the figures:

Average Change in Income Per Taxpayer 2000 to 2002 (New York Times/IRS)

\$1 to \$25,000 -- INCREASE of 1.3%
\$25 to \$50,000 - no change
\$50 to \$75,000 - INCREASE of .2%
\$75 to \$100,000 - INCREASE of .1%
\$100 to \$200,000 - decrease of .1%
\$200 to \$500,000 - decrease of .1%
\$500 to \$1 mil - decrease of .8%
\$1 mil to \$2 mil - decrease of 1.2%
\$2 mil to \$5mil - decrease of 1.5%
\$5 mil to \$10 mil - decrease of 5%
\$10 mil or more - decrease of 22%
All incomes (average) - decrease of 5.7%

Obviously, the richer you were in the last recession, the more you suffered. Luskin points out a better headline would have been, "The Rich Get Poorer, and the Poor Get Richer."

*****Household Survey Shows Huge Employment Gains*****

You may have recently heard the figure that only 32,000 jobs were created in America in July and this is a sign the economy is wavering. However, this measure of the economy uses data provided by employers only. Another measure of employment is called the Household Survey - this does a better job of including those who are self-employed. This survey indicates that a whopping 629,000 new jobs were created nationally in July. Both sets of data are provided by the Bureau of Labor Statistics and can be found here:

<http://www.bls.gov/news.release/empst.nr0.htm>

I have written on this topic fairly frequently over the past few years. There is a wonderful economic evolution taking place in America where people are finding it easier and easier to make a living by working for themselves - despite the myriad ways which government makes this difficult.

Those politicians and media reps that ignore the household data are basically saying that workers like real estate agents are not really working. It is not just the professional Ebay users that are not being counted. The monthly employment data is big news - but perhaps the bigger news is how the media and the political class are ignoring a massive transformation of the American economy.

ISSUE FOCUS

*****More on Church and Politics*****

You have read here recently about IRS challenges to nonprofit organizations that get involved in politics. Usually, these regulations are used to scare churches out of taking principled stands on ballot issues and candidates. While I do not support misuse of one's tax-exempt status to engage in political advocacy, I support the First Amendment and believe there is an appropriate way to honor both. Thus, I am pleased to recommend the Pacific Justice Institute's new publication, "The Church and Politics." This booklet teaches church leaders how they can espouse Biblical teaching in the context of social and political debate without risking their tax-exempt status. You can request a free copy of the booklet from PJI by calling 916-857-6900

*****Citizenship Test 9*****

In addition to knowing the rights of citizenship established more than 200 years ago, would-be citizens are also expected to be up-to-date on the state where they live:

39. What is the Bill of Rights?

40. What is the capital of your state?

41. Who is the current governor of your state? (I bet Austrian immigrants to California get this one right.)

BOE AND LEGISLATIVE DATES

August 31, 2004 --- Legislature recesses for the year.

September 3, 2004 --- Commencement of mailing ballots to voters who are overseas.

September 6, 2004--- Labor Day

September 8, 2004--- BOE meets in Sacramento.

September 23, 2004 --- First mailing of sample ballots.

September 30, 2004 — Last Day for Governor to sign or veto bills passed by the Legislature before Sept. 1 and in his possession on or after Sept. 1 (Art. IV, Sec. 10(b)(2)).

October 2, 2004 — Bills enacted on or before this date take effect January 1, 2005 (Art. IV, Sec. 8(c)).

October 4, 2004 --- First day to mail out absentee ballots.

October 19, 2004 --- Last day to register to vote in November's General Election.

October 27, 2004 --- Last day to request an absentee ballot.

November 2, 2004 — General Election.

NOTABLE DATES/ HISTORY

August 30, 1967 --- U.S. Senate confirmed Thurgood Marshall as first black justice of the Supreme Court.

August 30, 1979 --- President Carter was attacked by a rabbit on a canoe trip in Plains, GA

September 1, 1772 --- Mission San Luis Obispo de Tolosa was formed in California.

September 1-2, 1849 --- California Constitutional Convention was held in Monterey.

September 1, 1985 --- US-French expedition located wreckage of Titanic off Newfoundland.

September 2, 1901 --- Vice President Theodore Roosevelt advised, "Speak softly & carry a big stick."

September 3, 1752 --- This day, nor the next ten, never happened as England adopted the Gregorian Calendar. People rioted, thinking the government stole 11 days of their lives.

September 3, 1783 --- Treaty of Paris was signed, ending the U.S. Revolutionary War.

September 4, 1951 --- The first live, coast-to-coast telecast via cable was made, as President Truman gave a speech from San Francisco, CA.

September 4, 1781 --- Los Angeles was founded.

September 5, 1774 --- The first Continental Congress assembled in Philadelphia.

September 5, 1975 --- Lynette "Squeaky" Fromme attempted to assassinate President Ford in Sacramento.

September 6, 1620 --- Pilgrims set sail from Plymouth, England to the New World.

September 6, 1876 --- The Southern Pacific rail line from Los Angeles to San Francisco was completed.

GENERAL TAX INFORMATION

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115
TDD service for the hearing impaired
TDD phones: 800-735-2929
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

HOW TO CONTACT ME

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